

STAFF MEASURE SUMMARY

House Committee On Business and Labor

Fiscal: Fiscal impact issued

Revenue: No Revenue Impact

Action Date: 05/22/15

Action: Do Pass.

Meeting Dates: 05/22

Vote:

Yeas: 7 - Barton, Doherty, Evans, Fagan, Holvey, Kennemer, Nosse

Nays: 2 - Barreto, Weidner

Exc: 2 - Esquivel, Heard

Prepared By: Jan Nordlund, Committee Administrator

WHAT THE MEASURE DOES:

Allows certain death benefits to former spouse and dependent child as provided in judgement of annulment, divorce, or separation if vested member of Public Employees Retirement System or similar public employee retirement plan dies before retirement. Adds provisions to address divisions between member's spouse and former spouse. Applies to benefits of member who dies on or after effective date. Declares emergency, effective upon passage.

ISSUES DISCUSSED:

- Differences in member benefits for Tier 1, Tier 2 and Oregon Public Service Retirement Plan
- How frequently death benefits are claimed by former spouses
- Division of assets at time of divorce
- Request for Public Employee Retirement System staff to report on impact after implemented

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

Current Oregon law states that payment of any death benefit under any public employee retirement plan that would otherwise be made to a person entitled to benefits under the plan shall be paid, in whole or in part, to an alternate payee if and to the extent expressly provided for in the terms of any court decree. Former spouses of certain retirement plan members, including the Oregon Public Service Retirement Plan (OPSRP), have been denied benefits on the grounds that they were not a "surviving spouse" as defined by fund provisions and consequently could not be considered an "alternate payee" under ORS 237.600(1) regardless of the terms of a court decree.

Senate Bill 370-A allows certain death benefits to be paid to the former spouse as provided in a judgment of annulment or dissolution of marriage or of separation when a public employee retirement plan member dies before retirement. It applies to members of the Oregon Public Service Retirement Plan and other public employee retirement plans; the death benefits provided for in Senate Bill 370-A already exists for Tier 1 and Tier 2 members of the Public Employee Retirement Plan. The measure additionally mandates that benefits be available to the former spouse after the effective date of any judgment of annulment or dissolution of marriage or of separation.

Senate Bill 370-A also addresses divisions between a member's current and former spouse, as well as dependent children. The measure limits application to benefits of a member who dies on or after the effective date and explicitly states it does not affect any collective bargaining agreements entered into before its effective date.